

fine paid 6/26/98 \$150,000.00

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON

In the matter of)	
)	No. D 98-22
Associates Dealer Group of Bellevue,)	
Washington, Inc.,)	
)	CONSENT ORDER
a Licensed Insurance Agent)	

FACTUAL BACKGROUND

1. Associates Dealer Group of Bellevue, Washington, Inc. ("Associates") is licensed as an insurance agent in the State of Washington.
2. On or about June 24, 1997, the Attorney General of the State of Washington commenced an action against Associates in the Superior Court of King County alleging violations of the Unfair Business Practices, - Consumer Protection Act ("Consumer Protection Act"), and provisions of the Insurance Code applicable to insurance agents, RCW 48 Chapter 17 and Unfair Insurance Practices, RCW 48 Chapter 30, at No. 97-2-15754-4 SEA. A true and correct copy of the complaint in this Consumer Protection Action ("Action") is attached hereto and incorporated herein as Attachment 1.
3. The complaint in such Action alleged, among other things, that:
 - A. Associates misrepresented, or taught, trained, counseled, and aided and abetted others in misrepresenting, directly or indirectly by implication, the voluntary and optional nature of purchasing insurance products, including but not limited to credit insurance.
 - B. Associates misrepresented, or taught, trained, counseled, and aided and abetted others in misrepresenting, directly or indirectly by implication, the price of credit insurance purchased by consumers incident to the purchase of an automobile.
 - C. Associates taught, trained, counseled and aided and abetted others to utilize a technique where a monthly payment was deceptively adjusted higher than that previously quoted and/or agreed to by the prospective purchaser.

4. Investigators and staff of the Office of the Insurance Commissioner worked and cooperated with representative of the Office of the Attorney General in the investigation which lead to the filing of that Consumer Protection Action and developing the allegations set forth in that Action.
5. Associates filed an answer to the complaint in the Action, denying liability.
6. Associates and the Office of the Attorney General have reached a settlement of that Action, and Associates and the Office of the Insurance Commissioner have determined to settle and resolve alleged violations of the Insurance Code by Associated that may arise from the same conduct.

APPLICABLE LAW

1. RCW 48.17.530(1)(e) provides that it is a violation of the insurance code and cause for suspension, revocation or refusal to issue or renew a license, for an agent to "misrepresent the terms or effect of any insurance contract" or to engage in any fraudulent transaction. Each misrepresentation constitutes a separate violation.
2. RCW 48.17.530(1)(b) provides that it is a violation of the insurance code and cause for suspension, revocation or refusal to issue or renew a license, for an agent to "participate in the violation of any provision of this [insurance] code or regulation of the commissioner...." Each such participation constitutes a separate violation.
3. RCW 48.30.040, provides that it is an unfair insurance practice, and a violation of the insurance code, for any person engaged in the business of insurance to make "any false, deceptive or misleading representation ... in the conduct of the business of insurance...."
4. RCW 48.30.090, provides that it is an unfair insurance practice, and a violation of the insurance code, for any person engaged in the business of insurance to make "any misrepresentation of the terms of any policy or the benefits or advantages promised thereby...."
5. RCW 48.17.560, "Fines may be imposed," provides that the Commissioner may impose a fine or monetary penalty in lieu of or in addition to suspension or revocation of an agent's license.

CONSENT TO ORDER

Associates voluntarily consents to the entry of the following Order. Associates acknowledges that if the fine is not paid, and the terms of the following Order not complied with, the Insurance Commissioner may take action to revoke the license of Associates, and the fine shall be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW 48.017.560. Associates also acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. Associates' consent to entry

of the following Order does not constitute an admission that it engaged in the conduct or violations of law set forth under "Factual Background" and "Applicable Law".

Signed this 20 day of May, 1998

Associates Dealer Group of Bellevue,
Washington, Inc.

By

Title Employee and Purchase Agent

ORDER

IT IS ORDERED that pursuant to RCW 48.17.530 and RCW 48.17.560, and the foregoing Factual Background, Applicable Law, and Consent to Order that:

1. Jurisdiction. The Office of the Insurance Commissioner has jurisdiction over this matter pursuant to RCW 48.17.530 (1)(b) and (e), RCW 48.30.040, RCW 48.030.090, and RCW 48.17.560. Associates irrevocably agrees to the jurisdiction of the Insurance Commissioner and the Office of the Insurance Commissioner with regard to this matter, including jurisdiction to collect and enforce the monetary fine and injunction set forth in (2) and (3) below.
2. Monetary Fine. Associates shall pay a fine of One Hundred Fifty Thousand Dollars (\$150,000.00) within twenty (20) days of filing of this Consent Order. The fine will be paid to OIC by check made payable to "Insurance Commissioner, State of Washington", and delivered to Edward Fleisher, Deputy Insurance Commissioner, Insurance Building, 14th & Water Streets, P.O. Box 40255, Olympia, WA 98504-0255.
3. Injunction. Defendants and all their successors, assigns, transferees, officers, agents, servants, employees, representatives and all other persons or entities in active concert or participation with Defendants are hereby permanently enjoined and restrained from directly or indirectly engaging in the following acts or practices in the state of Washington, in violation of the Washington Insurance Code:
 - a. Teaching, training, counseling, tracking, or aiding or abetting others, in any manner, to misrepresent, directly or by implication, the amount of a monthly automobile payment by quoting payments that include an undisclosed amount for the purchase of insurance, including credit insurance;
 - b. Teaching, training, counseling, or aiding or abetting others, in any manner, to misrepresent, directly or by implication, the voluntary and optional nature of purchasing Associates' products, including but not limited to credit insurance;
 - c. Teaching, training, counseling, or aiding or abetting others, in any manner to misrepresent, directly or by implication, the actual price of credit insurance or any other insurance products charged to a consumer;
 - d. Teaching, training, counseling, or aiding and abetting others, in any manner, to utilize any technique where a monthly payment is deceptively adjusted higher

than that previously quoted and/or agreed to by the prospective purchaser to provide for the sale of insurance.

In the event that Associates violates this injunction, then OIC shall have the right to take action to suspend or revoke Associate's licenses to conduct the business of insurance in the State of Washington.

4. This Consent Order resolves and disposes of all claims by the Office of the Insurance Commissioner against Associates, its automobile dealership customers and their respective successors, assigns, transferees, officers, agents, servants, employees, representatives and those in active concert or participation with them, arising out of or resulting from the conduct described under Factual Background, and the Consumer Protection Action described therein and attached hereto as Attachment 1, occurring prior to the date of this Consent Order. It is expressly agreed that the only conduct alleged in the Consumer Protection Action and resolved by this Consent Order involves what that Complaint describes as "packing" or "assumptive selling" (also know as the "assumptive close") or "bumping" or "spiffs" (providing a cash incentive to staff to pack payments) and alleged efforts by Associates to teach those techniques to automobile dealership clients. Consequently, this paragraph does not prohibit OIC from proceeding against Associates or its dealers, or anyone else, with regard to any and all other alleged violations that might be discovered, or might have existed. By way of example only and not by limitation, if it were discovered that one of Associates' dealers involved in packing also sold credit insurance while packing a payment without a valid license in violation of the insurance laws of the State of Washington, nothing in this Consent Order prevents OIC from proceeding against that dealer, and those involved with it, for the separate violation of selling insurance without a valid license. Also, nothing in the Consent Order prevents OIC from proceeding against any automobile dealer who was at any time a client of another consultant or insurer, or was taught the techniques alleged in the Consumer Protection Action, attached hereto as Attachment 1, by any other consultant or insurer.

SIGNED AND ENTERED THIS 26th day of May, 1998

By: Edward Fleisher
Edward Fleisher
Deputy Insurance Commissioner for Legal Affairs